

**Disrupting Philanthropy:
How crowds and clouds are
changing how we deliver on the common good**

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Thank you for having me here today. Thank you Dame Stephanie, Professor Dutton, all of the wonderful staff of the Oxford Internet Institute. Thanks to the HAND Foundation, New America Foundation and Stanford University which make my work possible. Thanks to all of you for coming. I particularly want to thank my father for joining us here today – it's a special honor for me to have him here.

Now, I want to ask you to do something that is a bit unusual at the start of a speech. Please turn on your mobile phones. This is both a test and an experiment – a test of a theory I'm working on and an experiment because this will be the first time I've tried this outside of the States. I want you to turn on your mobiles because I'm willing to bet you they won't ring. Why? Because no one uses mobiles for making phone calls anymore. We use them for texting

and twittering, messaging and emails. But phone calls? Heck, there oughta be an app for that.

Why do I bring this up? To make a point about how quickly technology changes. Here's a technology that's gone completely mainstream in the last decade – all of you have a mobile, as do about 4 billion of the 6 billion people on the planet. And while these devices were designed for phone calls, we use them for something else.

Once the technology is in our hands, we start to adapt it. We adapt our behaviors to what it lets us do. We do this on an individual basis – think for example of another way in which our relationship to phone has changed. About a decade ago, when the phone rang, you wouldn't know who it was until you had answered it. There was no caller ID. But as soon as you knew who it was, you also had a pretty good chance of knowing where that person was – because they were likely calling from a landline. So if it was your mum she was at home, your sister was calling from work, your brother from his office. Once you knew who was calling, you had a good chance of knowing where they were.

Nowadays, we know who it is the minute the phone rings – caller ID tells us who. But the first question we ask is “where are you?” Simply knowing who is on the call doesn’t tell you anything about where they are – they could be at work, at home, in the car or in another country. We can no longer pin down our family or friends by their phone number. I have a hunch that this is why geo-location services and applications are becoming so popular – especially among young people who have never been tethered by a landline, but that’s a different speech.

So technology adapts to us and we adapt to technology. It is easy to see this on the personal level. The organizational level is a little bit harder. And this is where we can begin to talk about how technology is disrupting philanthropy.

But, before I do that, a few questions for you:

- Who remembers where they were at about 10 pm local time, January 12, 2010?
- How many of you first heard about the earthquake in Haiti via your computer or mobile phone?
- How many of you first heard about it via the television, newspaper or radio?

- How many of you shared information about the earthquake via mobile, twitter, email or IM'ing?
- How many of you made a donation on your mobile phone?

[Synthesize answers. Note results for this audience likely very different from California results because of time difference – it was 2 pm on a Tuesday in California, 10 pm in UK]

My point here is that we are all part of the news ecosystem now. Our mobiles let us talk to our friends, sure, but they also now make us part of sharing news, tracking stories, and interacting with events. What we'll see in the stories to come is how they also change how we define social solutions to shared problems.

I'm going to make one basic argument – *data are the new platform for change*.

We now regularly access and use information at an entirely different scale and pace than ever before, due to the development of robust databases, search engines, mobile access points (e.g. phones), and geo location services. In the course of adapting to this reality several things are becoming clear:

- Data as new platform for change allow whole new forms of enterprise to produce social goods.

- We are only just beginning to see these new forms – think about Ushahidi and CrisisCamps, the role Twitter played in the 2009 Iranian election and Kyrgyzstan’s one day revolution and the emergence of protest groups such as *Priced Out* here in the UK.
- To date, we have thought about philanthropy and technology mostly from the fundraising and communication point of view. Data as a new platform for change is about using the technology to define the problems and develop the solutions – technology as part and parcel of mission achievement, not just for fundraising.
- The data as platform view shifts everything – not just enterprise form.
 - It shifts where expertise and information lies – it is everywhere, not within an organization.
 - By shifting where expertise lies, and allowing new forms of enterprise, it also demands new forms of governance;
 - New forms of enterprise and new forms of governance don’t fit within our existing financing and regulatory structures;
 - This is one reason the rise of social enterprise and networks is happening now. The two major trends of this moment – technology and social enterprise – are not coincidental, they are linked.

- New enterprises, new governance, new financing and new regulations – those are the domains of influence where technology is fundamentally shifting how philanthropy works.

One caveat. Knowledge experts and information scientists get a lot of discussion out of the difference between data, information and knowledge. I'm not going to go there. I use data and information interchangeably. I'm talking about quantitative data and qualitative data – numbers and stories. I'm talking about both raw data and interpreted and analyzed information. One of the things we'll see is that the increase in data – numbers, patterns, trends and data sources – RSS feeds, twitter, email and blogs – has only increased our need for storytelling. We need to make sense of the data, we need to use it, we need to take advantage of it to make change happen. Data don't make change, people make change.

Data as the new platform for change (slide two)

The current common model for change is based on organizations. Nonprofits, registered charities, multi-lateral funding agencies, government bodies, political parties. They are the drivers of change, the issuers of manifestos.

They do outreach to bring people in or provide services to clients or present art to audiences or do research for others.

Seeing the data as the platform changes this. **[Slide three]** Consider Ushahidi as the current optimal example of this. Ushahidi got its start in the elections in Kenya a few years back. Protests broke out in the cities, and activists wanted to be able to track and report on what was happening. They realized that the very people involved, the protestors and bystanders, were also the data source – using their mobile phones they could easily “report” what was happening. The activists simply gathered their text messages into a single repository – a web page – that could be used by anyone to see what was going on. Those sending texts could also see the messages from others in the area. Those outside the region could scroll through the messages and see what was going on. Users were readers and texters. Different people saw different patterns – but there was no clear dividing line between the outside and the inside – the people sending the messages were both data sources and data interpreters.

This system was quickly adapted to other uses – election monitoring in dozens of countries, for example. It got its biggest test following the Haiti

earthquake – the volunteers working to strengthen the Ushahidi system realized that text messages from people in Haiti would be the most valuable source of real-time information to guide relief efforts.

They quickly established a command center to manage the flood of texts, a single text code for people to use, and let the networks of volunteers, newswatchers, mobile phone users, and relief agencies spread the word.

Within hours the system was in place and real-time, on the ground information was flooding in. Watching the patterns of information displayed, volunteers around the world organized to produce Creole – English translation applications, real time mapping updates showing the damage, and coordination systems with government agencies and non-governmental relief organizations.

Expertise and information – outside and inside

Who is Ushahidi? The volunteers in Kenya and Massachusetts who staffed the data and web systems? The people on the ground in Haiti, both quake victims and aid workers? The government agencies and relief organizations that started using the data from the system to coordinate their work? The answer is all of the above. Ushahidi is also an adaptable tool – since the Haiti

earthquake the system has been used to power the “Snowmagedon Clean Up” website for the January snowstorm that shut down Washington DC and the “Sudan Vote Monitor” for the national elections that took place this past Monday.

Other organizations, such as WATCH, which trains citizens to monitor court proceedings or the Disaster Accountability Project help people use text messages and mobile emails to track the ongoing work of aid agencies. Ushahidi “crowdsources crisis information.” All over the world activists are also crowdsourcing accountability efforts, market conditions, election outcomes, and neighborhood watches.

As a platform for change, the crowdsourced crisis information model that is Ushahidi shows that users and uses for the system are as diverse as the imagination. Rather than an organization focused on delivering a set of services, Ushahidi is a set of tools that can be adapted to situations and possibilities by almost anyone. Expertise is internal and external. Everyone is potentially both a provider and a client. Data power the change. The many different eyes on the data will see different truths, act as self-correcting

mechanisms, and also offer up the next “aha” moment for another application of the tools and the data displays.

Ushahidi represents more than just the social applications of technology and data for uses other than their original intended purposes. It also shows a fundamentally new way of thinking about social challenges and problem solving. The model relies on the end beneficiaries – the quake victims or the voters – to make the system work. It operates on a sense of scale previously unimaginable – while both Haiti’s earthquake and the DC snowstorm were fundamentally local events, the provider of the service was remote in both cases, and the users of the data displays were both local residents and interested parties from all over the globe.

[Slide Four] Recognizing these subtle but important ways that technology has altered our behavior and our expectations about information is key to imagining the kinds of new solutions that Ushahidi represents. It may be as sharp as shifting from a push to a pull mindset. Rather than organizations as sources of expertise, funding, and programs that get delivered, or “**pushed out**” into communities, beneficiaries and activists draw together – are “**pulled**

in” by their shared interests and needs, they fund together, develop solutions together, and deploy tools that can be repurposed and redeployed.

The change that really matters – the disruptive change - is about how technology shifts our definitions of problems and imaginations of solutions.

New forms of enterprises

A shift of this magnitude – one in which expertise is everywhere and must be “pulled together,” solutions can be flexible and scale is likely to be global - is not going to come from within our existing charitable, nonprofit or philanthropic organizations. These might adapt some of these ways, but they will always be a patchwork of add-ons.

Rather, we are already seeing flexible network based efforts, built for the tools and mindsets of today. CrisisCamps is one example. A loose network of local volunteer efforts, CrisisCamps took off after the Haiti earthquake. They were organized in cities from London to Bogota, Ottawa to San Jose. Volunteers came from tech firms, marketing companies, law firms, charities and every walk of life. Each camp used a shared template to identify projects of interest,

activities accomplished, team assignments and so on. They worked on Creole-English translation applications, “we have, we need” database matching systems, and image tagging projects. Work started in one time zone might be completed in another, as the volunteers uploaded their accomplishments to a shared website, passed on their notes, and left the work to the next group. Twitter, blogs, and a wiki kept everyone up-to-date. Donations of space, food and caffeine kept everyone working. There was no nonprofit status, no fundraising campaign, no board of directors – just the mission.

These loose networks are effective for time-limited projects. How they will morph or adjust for ongoing efforts remains to be seen. That they will not all organize into charitable organizations is a sure bet however, as the blending of social impact with market-based enterprises is already a viable alternative. It is not coincidence that this discussion is happening concurrent with the Skoll World Forum – probably the pre-eminent global gathering of social entrepreneurs.

These are individuals and enterprises that have already bucked the “old standard” for doing things. **[Slide five]** Their interests in scale, systemic solutions, and cross-sector thinking are not technology-dependent, but their

pursuit of different solutions to persistent problems has made them very amenable to the possibilities of technology. From early efforts such as Benetech – a social purpose technology company – to the newest Skoll awardees such as VisionSpring – wherever individuals are looking for large-scale solutions to social challenges they are finding technology is core to their mission.

In the case of social enterprise, technology is also core to the financing structures that are developing. The mission-based focus of social enterprise requires a different standard of measurement than was previously asked or expected of social purpose organizations. The measurements themselves and the tools for gathering and reporting them in standardized fashions have relied on databases, cloud-based storage and reporting sites, and, increasingly, mobile applications that can engage participants as evaluation data providers.

These tools are leading to web-based exchanges that will allow financial investments in social enterprises. They are a fairly natural evolution of the last decade's rise in online giving marketplaces – data-rich repositories about social projects. **[Slide Six – Long Tail of Data]**

We are beginning to see these marketplaces not only as places where data about organizations is used to drive transactional support, but as generators of data about the patterns and trends of those projects, human conditions, and, yes, philanthropic support. Just as the phone has become a handheld computer, the last decade's investment in online giving marketplaces is beginning to yield fruit as the new "info structure" of social goods. We are now seeing – in AidData and IATI – the International Aid Transparency Initiative – efforts to mine the data trail that these transactions leave ways to improve the work itself.

Social goods now come from nonprofits, charities, social businesses, social enterprises, public agencies and informal nonprofits. Ben Metz, formerly of ASHOKA UK, just finished a report on the UK landscape for social enterprise that shows how diverse the system – just of social enterprise, just in this country – has become. I highly recommend it – it's at benmetz.org.

I don't want to overstate this, but I think it is important to consider the disruptive nature of technology and the diversifications of forms for producing social goods as related phenomena, not as distinct, parallel trends.

They both reflect new ways of organizing for change. They are mutually influential – social enterprises often focus on sustainable business models for delivering a new technology and new technologies are increasingly integrated into the core work and structure of new social enterprises. The two major trends of this moment –technology and social enterprise – are not coincidental they are linked. And they multiply the disruptive influence of each other.

New forms of governance

Social enterprises and informal, technology based networks operate differently than registered charities and nonprofit organizations. Yes, some nonprofits and charities are adapting the technologies to their work – and your position papers for this conference illustrate both the extent and limitations of those adaptations.

But networks require distributed governance. Centralized decision-making, boards of directors, and hierarchical organizational forms do not lend themselves well to rapidly deploying, beta version software for A/B testing or crowd sourced iteration. Message control doesn't work well in an age of social networks, twitter, and remixing.

This lack of fit between traditional structures and emerging practices mostly explains the episodic pace of adoption so far. We are only just beginning to see actual examples of new governance structures – much more common are examples of failed experiments or patchwork hybrids. **[Slide Seven – governance]**

So far, the most important shift in governance structures that we can point to are those underpinned by the commons movement – and specifically those powered by the Creative Commons licensing structure. Whole new ways of addressing certain shared problems are beginning to crop up using Creative Commons as the organizing principle. We can see this in the ScienceCommons shared publishing and data efforts, CrisisCommons that birthed the CrisisCamps discussed earlier, and crowd-managed resources such as the WeAreMedia project launched by the NTEN a few years ago. Each of these efforts was built around the ethos of sharing and sharing alike – using what is made public and contributing what you create – that is at the heart of the Creative Commons movement.

So where are we? Technology is giving us new ways of defining expertise and new ways of doing business. It is prompting us to create new forms of enterprise, and multiplying the reach of some of those new forms. It has helped us establish global reach as the new standard. **[Slide Eight - Global Reach]** And it is shifting how we govern our work and the enterprises we do create.

If you are still with me to this point, and agree technology has helped us fundamentally disrupt philanthropy and the social sector, then I hope you'll hang on while I explore the implications of this for how we finance the work and how we regulate the sector.

New financing and regulatory structures

The social enterprise movement is growing hand in glove with innovations in finance. **[Slide Nine - new forms of finance]** From social venture funds, advisory services, new finance research and new impact investing exchanges the universe of financing options for social good has not yet matured, but it is very much past its infancy.

All of these financing forms require different types of measurement and reporting than nonprofits produce. Investors want to be able to track and compare social impact as well as financial return – this demand has sparked two decade’s worth of innovation, iteration and experimentation in tracking and documentation of social returns.

The most recent and robust of those experiments and prototypes are fully technology-enabled and web-designed. Whether you are talking about Acumen Fund’s Pulse system or B Labs’ audit system these systems for measuring social return are database driven and are stored in the cloud for global sharing and access. Individuals who are working on these early efforts have long-term designs on establishing industry standards, impact indices, and a globally networked, data driven system for informing entrepreneurs, investors, and portfolios of social purpose enterprises.

The investment exchanges are particularly notable for their assumptions and uses of technology. More than just transaction processing platforms, these exchanges are designed to use and generate the kinds of social return data that can change how we finance, deliver, and distribute social goods. They integrate existing indices and knowledge sources with financial transactions

and portfolio tools, allow for analysis of aggregated data so benchmarking becomes possible, and will – if successful – generate industry specific metrics about quantity and quality of social returns.

New enterprises, new governance, new financing and new regulations

Whether or not these efforts will succeed is the big question, of course. While we can't know the answer for sure now, we know that this is the direction these efforts are headed.

Along the way, they may face plenty of resistance. In my opinion, the most likely barrier to their success is not institutional sluggishness, sector skepticism, or market downturns. It is regulatory resistance, uncertainty and stasis.

Almost all of the examples I have highlighted in this presentation – all of the stories I've told to illustrate my data – have taken place at the margins or in the loopholes of the existing regulatory frameworks that guide philanthropy.

- Ushahidi faced a major obstacle to growth when it couldn't raise foundation funds because it wasn't a registered nonprofit.
- Social enterprises in the UK have succeeded because of policy and government support – in the States, in contrast, the efforts to accredit social purpose businesses is just getting off the ground. As these new forms take hold in the corporate code – B corporations and L3Cs so far being the most successful in the States – the next step will be the tax code. As tough as the corporate code revisions have been, trust me, the fight will get ugly and political as it shifts to the issue of tax exemptions and deductions.
- From a governance perspective, the commons movement has much more support and recognition around the world than it does yet in the States.
- Open data access and net neutrality may well be the key policy issues for the social sector in the next few years – and very few organizations, at least in the States – are even aware of these domains.

What is very clear is that the diversity of enterprises and the new types of financing that now shape our social sector do not fit neatly into the regulatory boxes that we have built over the centuries. The number of policy domains

that matter has exploded – from tax and corporate codes to investing regulations, intellectual property law, government data access, and global exchange rates. **[Slide ten – policies that matter]**

This map shows an initial brain dump that I did with several colleagues last year at the Social Capital Markets conference – it is online and open for editing by anyone. I'm using the map to try to create a US version of Ben Metz UK map. My colleagues and I at Stanford University intend to use it to launch a global network of policy actors, each of whom would contribute the domain information for their nation or region into a single, combined, open, global resource. This is not to say we can shape the policies on a global scale - but we do know we don't yet even know where to begin. Our intention is that the global policy-mapping network will at least get us oriented in the right directions.

Conclusion [Final slide]

All in all, the real potential of e-philanthropy is about much more than simply using email or twitter to raise money for social goods. Those changes – slow as their adaption may seem – will certainly come. Ironically, one reason nonprofits and charities may seem so slow in adapting technology to

fundraising and communications may be because these activities are revenue-critical but not mission critical.

Most of the research on social sector organizations and technology has focused on fundraising and communications uses. Observers are right to note the great potential – mostly untapped – of these tools for charities and nonprofits. The questions raised in several of the position papers – about the slow uptake of these tools, the limited reach of online fundraising, the lack of real creativity by charities in taking up technology – are all spot on questions. However, the very nature of the question may hold the answer. Nonprofits may have been slower to take up technology for fundraising than one might expect, because fundraising is not the core purpose of the enterprises.

Think about the newspaper business, recording industry, and even libraries. There are three sectors on which digital technology has clearly upended the apple cart for core practice. All three of them were slow to adapt to digital technology – even as it clearly threatened their core services.

However, one can argue that libraries have done the best job of the three of fully adapting their core services to the digital age. Ironically, where many

predicted that search engines would make librarians obsolete it has only made them more necessary. Where we thought Internet access would make book lending passé libraries have instead become vital onramps to the digital age in communities around the world. Librarians jumped into technology, and are often leading the way, because the digital age's most immediate influence was not on their financing streams but on their core services.

On the other hand, newspapers and the music business have been much slower, and many would argue, less successful, in dealing with the digital transition. Slow to adapt technology at all, when they finally shifted to web-based news sites and the iTunes store it was in response to revenue concerns, not to the core service of newsgathering or music creation. These two industries are only now – more than a decade past free online classifieds and free music sharing – begun to invest in digital tools for better news sourcing and writing, better storytelling, better artist exposure, creative expression, and fan engagement.

Looked at in this way, the “slowness” of nonprofits and charities to fully engage with digital technology is less distinctive – they are actually in good company with several major commercial industries.

Where the real innovation lies – where the real potential for change comes from – is in looking beyond the revenue and outreach applications of these tools and toward those enterprises that are defining new problems and solutions because of the worldview that digital technology enables. The potential to be unleashed comes not from the mere fact that we now carry phones in our pockets, but from the ways we use those phones. From the tools we develop because we carry phones that we don't talk on, know who is calling but not where they are, and from our recognition that the phones themselves serve as geolocating devices. In other words, the potential to be unleashed is not found in the phone itself, but in the behaviors it engenders. Similarly, for the social sector, the potential to be unleashed is not found in using mobile phones to raise money but from using geolocating communication services to coordinate disaster relief. It's not the technology, but what we do with it that is disruptive.

Thank you.

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